

Registered Industrial and Provident Society No 23202R

Registered Housing Association No SL3224

**Plumlife Homes Limited
Report and Financial Statements
For the Year ended 31 March 2011**

PLUMLIFE HOMES LIMITED
Year ended 31 March 2011

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ASSOCIATION INFORMATION

Board

Chairman	L. Coop
Vice Chairman	G. Williams
Other Members	R. Kirkwood
	P. Stott
	L. Rawlinson
	M. Pilotti
	J. Moon
	M. Gray
	M. Harrison
	C. Maguire

Executive Officers

Senior Executive Officer	M. Harrison
Company Secretary	P. Elvy

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site

www.greatplaces.org.uk
www.plumlife.co.uk

Registered Numbers

Housing Corporation No: SL3224
Industrial and Provident Society No:
23202R

External Auditors

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Internal Auditors

Mazars LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Bankers

The Royal Bank of Scotland plc
P.O. Box 356
38 Mosley Street
Manchester
M60 2BE

REPORT OF THE BOARD

The Board presents its report and the audited financial statements for the year ended 31 March 2011.

Principal activities

Plumlife Homes Limited's principal activities include the management of shared ownership and rent to homebuy properties for the Great Places Housing Group, management of leasehold and private housing schemes, and operation of the Homes and Communities Agency's Homebuy Agency for Greater Manchester, Lancashire and South Yorkshire.

Business review

The surplus for the year ended 31 March 2011 was £256,000 (2010: £120,000). At the year-end the reserves amounted to £1,145,000 (2010: £901,000).

Staircasing (sale of equity tranches in properties) and sales activity has continued to be slow with only 5 staircasings taking place, yielding a net gain on disposal of £139,000.

In respect of the year ended 31 March 2011 a gift aid payment of £1,500,000 (2010: £700,000) was made on 31 March 2011 to Great Places Housing Association.

Housing property assets

Details of changes to the Association's property assets are shown in note 12 of the financial statements.

Trade creditors

The Association's trade creditors fall into three main categories – contractors engaged under formal contracts, utilities and others. The Association has a policy of paying contractors in accordance with contractual terms, utilities upon receipt of invoice and others by at least the end of the month following that of invoice.

Donations

During the years ended 31 March 2011 and 2010 the Association has made no political contributions and any charitable donations were made during the course of its ordinary activities.

Post balance sheet events

There have been no events since the year-end that have had a significant effect on the Association's financial position.

Employees, diversity and equal opportunities

The strength of the Association lies in the quality and commitment of its employees, and our ability to meet our objectives and commitments to tenants, residents, leaseholders and the community in an efficient and effective manner depends on their contribution.

The Association uses a variety of methods to provide information on its objectives, progress and activities. We seek the views of employees on all matters of common interest and concern and upon the best methods by which to achieve our overall objectives. As part of this process, we have established a formal staff association, which meets at least quarterly. As part of the consultative and feedback process, the group undertakes an externally managed and confidential annual staff survey and feeds the results of this into its Human Resource plans.

We are committed to equal opportunities and in particular we support the employment of disabled people. The Association has, and continually reappraises, a full and comprehensive policy of diversity and equal opportunities.

REPORT OF THE BOARD

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Association has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Corporate Governance and the role of the Board

The rules governing the operations of the Association comprise the Model Rules 1998 formulated by the National Housing Federation (NHF). Plumlife Homes Limited also complies with the NHF Code of Governance (revised).

Board members are drawn from a wide background and are selected to ensure they bring relevant experience, skills, diversity and understanding to the discussions and decision making process of the Board.

The Board meets formally at least 6 times a year for regular business including approval of the annual budget and business plan. Internal and external audit issues are addressed by the group audit committee, together with all matters affecting internal controls assurance.

Board members and executive directors

The directors of the Association comprise the members of the Board and a senior executive officer. Details of the members of the Board and senior executive officer who served in the year ending 31 March 2011 are set out on page 1. All have served throughout the year and to the date of this report unless otherwise stated.

Tenant involvement

We actively encourage tenants' involvement in decision-making by promoting tenant involvement. We have four tenant board members on our board and clear reporting arrangements between tenant groups and the Board.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing, maintaining and monitoring the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all activities within the Association.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is an ongoing process, is something the Association strives to continue to develop and improve. It has been in place throughout the period commencing 1 April 2010 up to the date of approval of the report and financial statements.

Key principles within the control framework include:

- robust policies and procedures, with compliance monitored on an ongoing basis and with a regular review process;
- a strong, independent, outsourced Internal Audit function; and
- a commitment to a quality assurance approach for all our activities.

Key elements within those principles include:

- approved terms of reference for the Board and delegated authorities for its committees and the executive team, including the Audit Committee;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks supported by established risk assessment and appraisal procedures for all major new initiatives and development schemes;

REPORT OF THE BOARD

- a three year, risk based, Internal audit programme delivered by an external provider: In the last 12 months the direct channel between the Internal Auditor and the Chief Executive has been reinforced, the management of the Internal Audit programme enhanced and the rate of implementation of Internal Audit Recommendations has reached new highs;
- undertaking management review, quality assurance, benchmarking and other external review of performance and key internal and external processes;
- robust strategic and business planning processes, with detailed financial budgets and forecasts, subject to external validation;
- formal recruitment, retention, induction, training and development policies for all staff;
- a sophisticated approach to treasury management which is subject to regular internal audit as well as external review each year;
- regular reporting to the appropriate Board, Committee or Management team, on key business objectives, targets and outcomes, including regular monitoring of loan covenants, cash flow requirements and future requirements for new loan facilities;
- having up to date, approved policies for staff conduct, whistle-blowing, and for dealing with fraud and misappropriation, covering prevention, detection and reporting of fraud, and the recovery of assets; In the last year, the fraud and misappropriation policy has been updated, a new policy has been introduced to aid the recognition and prevention of money laundering, actions taken to increase staff awareness of these policies and actions taken to ensure the Association is ready for the introduction of the Bribery Act in July 2011;
- registers for Fraud, Hospitality and Gifts that are maintained and which are regularly reviewed by the audit committee; and
- regular monitoring of loan covenants, cash flow requirements and future requirements for new loan facilities.

The Board cannot delegate ultimate responsibility for the system of internal control, but has delegated authority to the audit committee to regularly review the effectiveness of the system of internal control.

The Board receives regular updates from the audit committee as well as the minutes of audit committee meetings. The audit committee has received the Chief Executive's report regarding the effectiveness of the system of internal control for the Group and its subsidiaries, and the annual report of the internal auditor, has conducted its own review of the effectiveness of the systems currently in place, and has reported its findings to the Board.

Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Industrial and Provident Societies Acts and registered social landlord legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Industrial and Provident Society legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- made judgements and accounting estimates that are reasonable and prudent;

REPORT OF THE BOARD

- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: Accounting by registered social landlords (2008), have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 (to 31 March 2011), the Housing and Regeneration Act 2008 (from 1 April 2011) and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social landlords (2008).

The Board is responsible for the maintenance and integrity of the corporate and financial information on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Operating and Financial Review

The Association has decided not to include an Operating and Financial Review (OFR), however a Group OFR has been included in the financial statements of its parent company Great Places Housing Group Limited.

Going Concern

After making enquiries, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on Thursday 29 September 2011 at Southerngate, Manchester.

Disclosure of information to auditors

At the date of making this report each of the Association's Board members, as set out on page 1, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- each Board member has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

REPORT OF THE BOARD

External auditors

A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.

The report of the Board was approved on 21 July 2011 and signed on its behalf by:



Phil Elvy
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLUMLIFE HOMES LIMITED

Independent auditor's report to the members of Plumlife Homes Limited

We have audited the financial statements of Plumlife Homes Limited for the year ended 31 March 2011 which comprise the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the housing association's members, as a body, in accordance with regulations made under Section 4 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the housing association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the housing association and the housing association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and the auditor

As explained more fully in the Statement of the responsibilities of the Board set out on page 4, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

1 August 2011

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover	3	4,631	2,223
Operating costs	3	(2,913)	(1,420)
Operating surplus	4	1,718	803
Surplus on sale of fixed assets – housing properties	5	139	67
Interest receivable	6	5	3
Interest payable and similar charges	7	(22)	(23)
Surplus on ordinary activities before taxation		1,840	850
Gift aid payment	8	(1,500)	(700)
Tax on surplus on ordinary activities	9	(84)	(30)
Surplus for the financial year	20	256	120

All amounts relate to continuing activities.

There were no other gains or losses arising during the year other than the surplus for the year.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 10 to 21 form part of these financial statements

BALANCE SHEET

At 31 March 2011

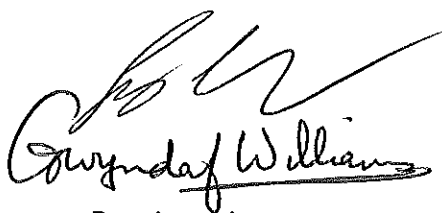
	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties at cost	12	3,531	3,610
Social housing grant	12	(2,405)	(2,454)
Depreciation	12	(103)	(99)
		<u>1,023</u>	<u>1,057</u>
Current assets			
Debtors	13	809	491
Cash at bank and in hand		1,826	1,175
		<u>2,635</u>	<u>1,666</u>
Creditors: Amounts falling due within one year	14	<u>(2,091)</u>	<u>(1,362)</u>
Net current assets		<u>544</u>	<u>304</u>
Total assets less current liabilities		<u>1,567</u>	<u>1,361</u>
Creditors:			
Amounts falling due after more than one year	15	<u>410</u>	<u>460</u>
Capital and reserves			
Share capital	19	-	-
Revenue reserve	20	1,157	901
Association's funds		<u>1,157</u>	<u>901</u>
		<u>1,567</u>	<u>1,361</u>

The notes on pages 10 to 21 form part of these financial statements.

The financial statements were approved by the Board on 21 July 2011 and signed on its behalf by:



Board member



Board member



Secretary

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

1. Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is registered with the TSA as a housing provider.

2. Accounting policies

Basis of accounting

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006.

Cash flow statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Association in its own published consolidated financial statements.

Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year. Income from first tranche sales is recognised at the point of legal completion of the sale.

Value added tax (VAT)

The Association is registered for VAT as part of the Great Places Housing Group VAT registration. A large proportion of its income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation.

Interest payable

Interest payable is charged to the income and expenditure account in the year.

Pensions

The Association participates in the Social Housing Pension Scheme (SHPS). For SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the period.

Housing properties

Housing properties are principally properties which are available for rent on a shared ownership basis and are stated at cost less social housing and similar grant and depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

Properties for sale

Shared ownership first tranche sales are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Service charge sinking funds

Service charge sinking funds are held on the balance sheet within creditors.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

2. Accounting policies (continued)

Social housing grant (SHG)

SHG is receivable from the HCA and is utilised to reduce the capital cost of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable at a rate of 1% - 2% per annum.

Properties held under leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the Association. Any such write down is charged before arriving at operating surplus.

Taxation

The Association does not have charitable status and is therefore liable to corporation tax. An estimate of the corporation tax liability due in respect of the taxable surplus for a financial period is charged in the Income and Expenditure Account of the period and that amount is carried as a creditor until the liability is agreed with the Inland Revenue and is paid. Once the actual liability is agreed, any under or over provisioning is charged in or written back through the Income and Expenditure Account. Gift aid payments are made to minimise any corporation tax liability.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Accounting policies (continued)

Forfeited/cancelled shares

Shares in the Association issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeited and the value is credited to the revenue reserve.

3 Particulars of turnover, cost of sales, operating costs and operating surplus

	2011		
	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000
Social housing lettings	234	(153)	81
Other social housing activities			
Managed properties	1,710	(1,447)	263
Homebuy direct income	1,285	(269)	1,016
Mortgage rescue income	1,128	(801)	327
Marketing income	274	(243)	31
	<u>4,397</u>	<u>(2,760)</u>	<u>1,637</u>
	<u>4,631</u>	<u>(2,913)</u>	<u>1,718</u>
	2010		
	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000
Social housing lettings	237	(17)	220
Other social housing activities			
Managed properties	1,071	(1,013)	58
Homebuy direct income	729	(311)	418
Marketing income	186	(79)	107
	<u>1,986</u>	<u>(1,403)</u>	<u>583</u>
	<u>2,223</u>	<u>(1,420)</u>	<u>803</u>

3. Particulars of income and expenditure from social housing lettings

	2011	2010
	£'000	£'000
Low Cost Home Ownership		
Rents net of identifiable service charges	234	237
Service charge income	-	-
Turnover from social housing lettings	<u>234</u>	<u>237</u>
Management	(79)	(13)
Services	(64)	(22)
Bad debts	(2)	28
Depreciation of housing properties	(8)	(10)
Operating costs on social housing lettings	<u>(153)</u>	<u>(17)</u>
Operating surplus on social housing lettings	<u>81</u>	<u>220</u>
Void losses	-	-

NOTES TO THE FINANCIAL STATEMENTS

4. Operating surplus

The operating surplus is arrived at after charging:

	2011	2010
	£'000	£'000
Depreciation of housing properties	7	10
Auditors' remuneration (including VAT)		
- for the audit of the financial statements	3	4
- for other services relating to taxation	4	3
	<u>4</u>	<u>3</u>

5. Surplus on sale of fixed assets – housing properties

	2011	2010
	£'000	£'000
Disposal proceeds	221	129
Carrying value of fixed assets	(33)	(24)
	<u>188</u>	<u>105</u>
Capital grant recycled (note 17)	(49)	(38)
	<u>139</u>	<u>67</u>

6. Interest receivable and other income

	2011	2010
	£'000	£'000
Interest receivable and similar income	5	3
	<u>5</u>	<u>3</u>

7. Interest payable and similar charges

	2011	2010
	£'000	£'000
Loans and bank overdrafts	22	23
	<u>22</u>	<u>23</u>

8. Gift aid

	2011	2010
	£'000	£'000
Payment made as gift aid in accordance with s339 (7AA) of the Income and Corporation Taxes Act 1988	1,500	700
	<u>1,500</u>	<u>700</u>

A payment was made on 31 March 2011 to Great Places Housing Association of £1,500,000 (2010: £700,000) in respect of the year ended 31 March 2011. For the purposes of s338 of the Income & Corporation Taxes Act 1988, the Association deemed this to be a charge on income in the accounting period ended 31 March 2011 thereby reducing its liability to corporation tax for that year to £91,201 (2010: £42,172).

NOTES TO THE FINANCIAL STATEMENTS

9. Tax on surplus on ordinary activities

	2011 £'000	2010 £'000
Current tax		
UK corporation tax charge for year	80	42
Adjustments in respect of prior years	(1)	-
	<u>79</u>	<u>42</u>
Deferred tax		
Net origination and reversal of timing differences	5	(12)
	<u>84</u>	<u>30</u>
Current tax reconciliation		
Surplus on ordinary activities	340	153
Whereon corporation tax at the standard rate of 28% (2010: 28%)	95	43
Effects of:		
Income not taxable for tax purposes – fixed assets	(39)	(16)
Chargeable gains	27	9
Expenses not deductible for tax purposes – tax adjustments	1	-
Other short term timing differences	(4)	7
Adjustments in respect of prior years	(1)	-
Marginal relief	-	(1)
Current tax charge	<u>79</u>	<u>42</u>

Factors that may affect future tax charges

A deferred tax asset of £7,285 (2010: £11,693) is recognised on the Association's DVI losses. The amount unprovided for is £nil (2010: £nil).

10. Directors and members

The directors of the Association are the members of the Board including the senior executive officer.

The senior executive officer who served during the year was an employee of Great Places Housing Group Limited and there were no emoluments paid to him by Plumlife Homes. The senior executive officer's emoluments are disclosed in the Great Places Housing Group Limited accounts. No emoluments were paid by Plumlife Homes Limited to members of the Board during the year (2010: £Nil). Note the Plumlife Homes Board received remuneration of £6,626 (2010: £8,000) from Great Places Housing Group Limited, the Association's parent company.

11. Employees

Average monthly number of employees expressed as full time equivalents:

	2011 No	2010 No
Administration	11	10
	<u>11</u>	<u>10</u>

Employee costs:

	2011 £'000	2010 £'000
Wages and salaries	250	209
Social security costs	21	18
Other pension costs	13	10
	<u>284</u>	<u>237</u>

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

Social Housing Pension Scheme

Plumlife Homes Limited participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The scheme operated a single benefit structure, final salary 1/60th accrual rate until March 2007. From April 2007 three benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.

From April 2010 a further two benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2007, the CARE with a 1/60th accrual rate benefit structure for new entrants from 1st April 2007 and the CARE with a 1/80th accrual rate benefit structure for new entrants from 1st April 2010.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From April 2010 the requirement for employers to pay at least 50% of the total contribution no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the Association paid contributions at the rate of 4.4% to 8.2%. Member contributions varied between 5.9% and 10.0% depending on their age. As at the balance sheet date there were 3 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £86,000. The Association continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

Social Housing Pension Scheme

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	<u>% p.a.</u>
Valuation Discount Rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1%pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%pa.

The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term Joint Contribution Rate (% of pensionable salaries)
Final salary with 1/60 th accrual rate	17.8
Final salary with 1/70 th accrual rate	15.4
Career average revalued earnings (CARE) with a 1/60 th accrual rate	14.9
Final salary with a 1/80 th accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80 th accrual rate	11.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

Social Housing Pension Scheme

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator is currently in the process of reviewing the recovery plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The estimated employer debt on withdrawal from the Social Housing Pension Scheme on the financial position of the scheme as at 30 September 2009 for the Association's active pension members is disclosed in the accounts of Great Places Housing Association.

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets – housing properties

	Shared Ownership
	Total £'000
Housing properties	
Cost	
At 1 April 2010	3,610
Disposals	(79)
At 31 March 2011	<u>3,531</u>
Social housing grant	
At 1 April 2010	2,454
Disposals	(49)
At 31 March 2011	<u>2,405</u>
Depreciation and impairment	
At 1 April 2010	99
Charged in year	7
Released on disposal	(3)
At 31 March 2011	<u>103</u>
Net book value	
At 31 March 2011	<u>1,023</u>
At 31 March 2010	<u>1,057</u>

Housing properties book value, net of depreciation and grants

	2011 £'000	2010 £'000
Freehold land and buildings	396	412
Long leasehold land and buildings	627	645
	<u>1,023</u>	<u>1,057</u>

	2011 £'000	2010 £'000
Social housing grant		
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	2,405	2,454
Revenue grant	2,272	2,223
	<u>4,677</u>	<u>4,677</u>

NOTES TO THE FINANCIAL STATEMENTS

13. Debtors

	2011 £'000	2010 £'000
Due within one year		
Rent and service charges receivable	362	268
Less: provision for bad and doubtful debts	(63)	(41)
	<u>299</u>	<u>227</u>
Due from group undertakings	275	2
Deferred tax	7	12
Other debtors	183	173
Prepayments and accrued income	45	77
	<u>809</u>	<u>491</u>

14. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Debt (note 16)	44	54
Trade creditors	97	46
Rent and service charges received in advance	98	65
Amounts owed to group undertakings	203	37
Leaseholder sinking funds	1,074	861
Corporation tax	80	42
Other creditors	13	13
Accruals and deferred income	482	244
	<u>2,091</u>	<u>1,362</u>

Cash balances totalling £1,074,000 (2010: £861,000) are held in trust for leaseholders.

15. Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Debt (note 16)	410	460
	<u>410</u>	<u>460</u>

16. Debt analysis

	2011 £'000	2010 £'000
Loans are repayable as follows:		
Due within one year	44	54
Between one and two years	43	54
Between two and five years	131	162
After five years	236	244
	<u>454</u>	<u>514</u>

Loans are repayable at varying rates of interest in instalments. Housing loans are secured by specific charges on the association's housing properties.

NOTES TO THE FINANCIAL STATEMENTS

17. Recycled capital grant fund

	2011 £'000	2010 £'000
At 1 April	-	-
Grants recycled	49	38
Interest accrued	-	-
Transfers to other group members	(49)	(38)
At 31 March	<u>-</u>	<u>-</u>

18. Deferred Tax

	2011		2010	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
At 1 April	12	-	-	5
Movement	(5)	-	12	(5)
At 31 March	<u>7</u>	<u>-</u>	<u>12</u>	<u>-</u>
Comprising:				
Short term timing differences	<u>7</u>	<u>-</u>	<u>12</u>	<u>-</u>

19. Non-equity share capital

	2011 £	2010 £
Shares of £1 each issued and fully paid		
At 1 April	22	25
Shares issued during the year	1	2
Shares surrendered during the year	(2)	(5)
At 31 March	<u>21</u>	<u>22</u>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

20. Reserves

	Revenue Reserves £'000
At 1 April 2010	901
Surplus for the year	256
At 31 March 2011	<u>1,157</u>

21. Financial commitments

The Association has no capital commitments as at 31 March 2011 (31 March 2010: £nil).

22. Contingent liabilities

The Association had no contingent liabilities at 31 March 2011 (31 March 2010: £nil).

NOTES TO THE FINANCIAL STATEMENTS

23. Related parties

The Plumlife Homes Board has four shared ownership resident Board members. Their leases are on normal commercial terms and they cannot use their position to their advantage.

The Company has taken advantage of the exemptions available under Financial Reporting Standard 8 not to disclose transactions between Group Companies. There are no other related party transactions to disclose.

24. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2011 No.	2010 No.
Low cost home ownership	161	165
Total owned	<u>161</u>	<u>165</u>
Accommodation managed for others	2,311	2,220
Total managed	<u>2,472</u>	<u>2,385</u>

25. Ultimate controlling party

The ultimate controlling party of the Association is Great Places Housing Group Limited ('Great Places'), which is a company registered under the Industrial and Provident Societies Act 1965 and a registered provider under the Housing and Regeneration Act. The consolidated accounts of Great Places Housing Group Limited can be obtained from Great Places Housing Group Limited, Southern Gate, 729 Princess Road, Manchester, M20 2LT.

